

AD-A055 552

RAND CORP SANTA MONICA CALIF

F/G 5/4

DECENTRALIZATION OF GOVERNMENT AGENCIES: WHAT DOES IT ACCOMPLIS--ETC(U)

APR 78 R K YIN

UNCLASSIFIED

RAND/P-5946

NL

| OF |
AD
A055 552



END

DATE

FILMED

8 -78

DDC

AD A 055552

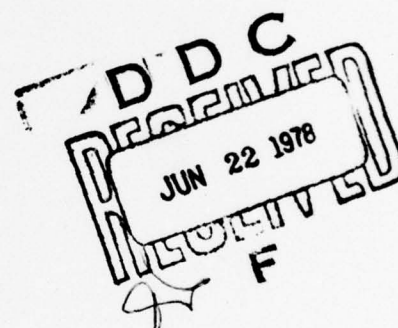
AD No. _____
DDC FILE COPY

⑥ DECENTRALIZATION OF GOVERNMENT AGENCIES:
WHAT DOES IT ACCOMPLISH?

⑩ Robert K. Yin

⑪ Apr 27 1978

⑫ 19 p.



This document has been approved
for public release and sale; its
distribution is unlimited.

⑭ RAND P-5946 ✓

296 78 06 21 029 *alt*

ABSTRACT

Decentralization of government--i.e., the transference of power from larger to smaller units of government--has been one way of increasing government responsiveness. This is true for *municipal* systems where a city-wide government may be decentralized to subdistrict units (e.g., a school subdistrict), as well as for the *federal* system, where federal responsibilities may be delegated to state or local units (e.g., general revenue-sharing).

This paper reviews the presumed advantages and disadvantages of decentralized units. Evidence for municipal systems is based on an analysis of 215 previously published case studies; evidence for the federal system is drawn from an ongoing study of federal aid programs for urban areas. The paper identifies the commonly known tradeoffs with regard to equity, efficiency, and responsiveness to residents' needs. It also identifies, however, an often overlooked dilemma: public services are functionally organized--e.g., transportation, public safety, education, health, and housing--and different types of decentralization are suitable for each functional area; to the extent that this is true, horizontal integration is extremely difficult. The paper concludes by raising some key policy questions about decentralization.

ACCESSION for	
NTIS	White Section <input checked="" type="checkbox"/>
DOC	Buff Section <input type="checkbox"/>
UNANNOUNCED	<input type="checkbox"/>
JUSTIFICATION	<input type="checkbox"/>
BY	
DISTRIBUTION/AVAILABILITY CODES	
•	
A	

78 06 21 029

DECENTRALIZATION OF GOVERNMENT AGENCIES:
WHAT DOES IT ACCOMPLISH?*

Robert K. Yin
The Rand Corporation
Washington, D.C. 20037

Several years ago, Douglas Yates and I completed a study of municipal decentralization (Yin and Yates, 1975). Such decentralization was in vogue then, as many mayors and city governments tried to broaden (some would say "dilute") the effects of the anti-poverty programs by encouraging widescale citizen participation in government. Our study, which is summarized briefly below, reviewed the reports of 215 case studies of urban decentralization, with most of the efforts having occurred during the 1960s.

In contrast to these earlier activities in municipal decentralization, one of the hallmarks of the 1970s will probably be the continued attempts at federal decentralization. Thus, many of the initiatives taken by President Nixon as part of the New Federalism included attempts to decentralize--either by giving state and local units more discretion with federal resources (as in the general revenue-sharing program), or by giving federal regional and field offices greater administrative roles vis-à-vis their headquarters counterparts (e.g., see Haider, 1974, pp. 257-282; and Nathan, 1975). It had not occurred to me until recently that some of the lessons Yates and I had learned with municipal decentralization might be applicable to federal decentralization, in spite of the vast differences in programs and politics. Yet, it may certainly be claimed that decentralization of government, whether municipal or federal, usually begins with similar motives--i.e., to provide greater control and a sense of participation to those served by government (Richardson, 1976, pp. 211-231). And, it may also be claimed that, for

* Presented at the 144th annual meeting of the American Association for the Advancement of Science, Washington, D.C., February 1978.

both municipal and federal governments, decentralization represents one of the few common options for trying to alter governmental behavior.*

The present paper therefore focuses on the decentralization of governmental agencies and what it accomplishes from the perspective of both municipal and federal experiences. The paper first discusses the main lessons from municipal decentralization, then outlines the characteristics of recent federal initiatives, and finally concludes with comments on the likely effects of decentralization.

Municipal Decentralization

Our study of municipal decentralization (Yin and Yates, 1975) covered a wide variety of policy initiatives. Decentralization could occur through:

- o the formation of little city halls;
- o the creation of a community relations office;
- o the establishment of a grievance or complaint procedure;
- o the development of citizen advisory or governing boards;
- o as well as many other bureaucratic mechanisms.

Whatever the mechanism, however, two dimensions always remained important: decentralization could mean an increase in actual power by the clients of a service (*client involvement*) or decentralization could mean greater territorial division in the administration of a service (*territorial dispersion*). An important realization was that the term "decentralization" often confused these two dimensions, but they were really independent--that is, attempts to give clients greater power were not necessarily synonymous with territorial dispersion, and vice-versa (see Table 1).**

* Some of the other options are covered by the other papers in the AAAS session. However, not all are equally relevant to municipal and federal bureaucracies.

** The distinction appears more critical in understanding decentralization than the standard one between "administrative" and "political" decentralization (see Kaufman, 1969).

Table 1
URBAN DECENTRALIZATION STRATEGIES PLACED ALONG CLIENT-ORIENTED
AND TERRITORIAL DIMENSIONS

Territorial Focus	Client Role in Administration of Service		
	Negligible	Informed	Dominant
City-wide	Community Relations	Grievance Mechanisms	- - -
Neighborhood	Physical Redeployment Administrative Decentralization	Employment New Neighborhood Institutions	Political Decentralization

SOURCE: Yin and Yates, 1975.

For instance, an effective grievance mechanism will allow feedback from clients to change services. Such a mechanism may be best organized, however, on a territorially centralized basis, with complaints coming from the entire city into a central office. The tabulation of grievances and feedback to service practitioners might have greater impact because general patterns of service problems may be easier to discern. Conversely, a little city halls program (physical redevelopment strategy) involves much territorial dispersion. Storefronts or trailers are staffed by municipal representatives in numerous local districts. Such territorial dispersion, however, does not mean that any real power has been transferred to clients. The clients may receive better information about services, and they may be able to transact their services on a local basis (as in paying water bills at the little city hall rather than going "downtown"), but the territorial dispersion in itself is no guarantee that clients will have more power over the services that are delivered.

A second major finding in our study was that different services within the same municipal government responded differently to decentralization initiatives. Yates and I called this the "service hypothesis," noting that the relationship between residents and various street-level officials--i.e., teachers, police officers, fire officers, and so on--had different traditions and resulted in different bureaucratic rules. To take a simplistic example, the tradition of holding "open school night," when parents are welcome to speak to teachers and to browse through an entire school facility without regard to any particular complaint they might have, has no counterpart in the police service (or in the public health service, for that matter). We regarded some of these differences as being so strong that this lay behind our thinking in naming our work "Street-Level Governments," because we felt it useful to think in terms of each service agency constituting a system of governance of its own.

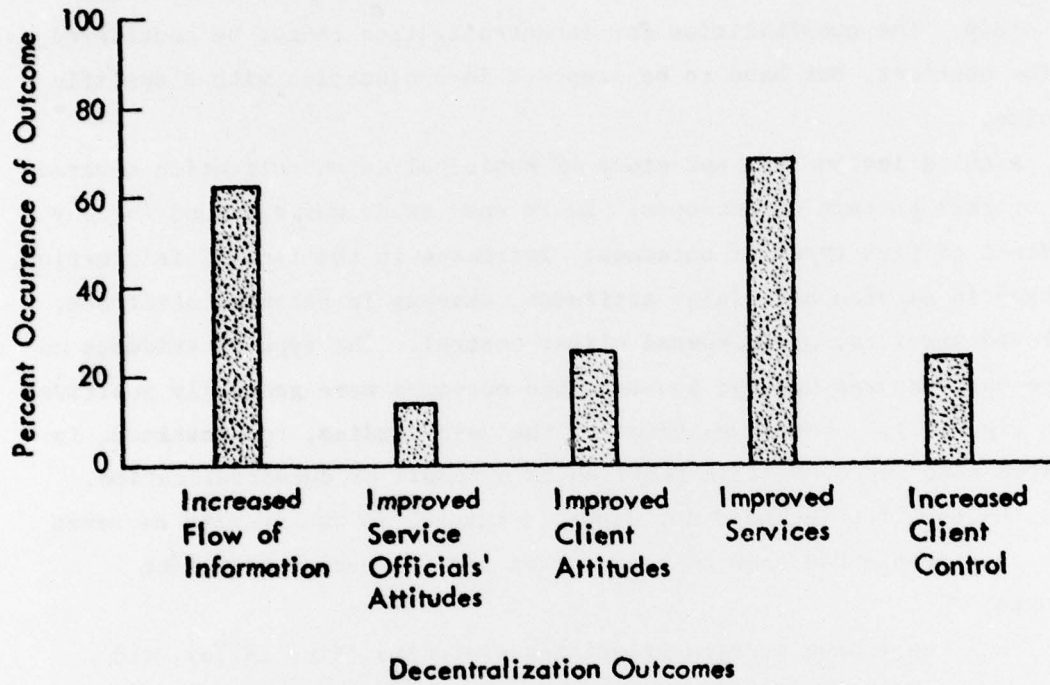
The service hypothesis can explain many of the outcomes of municipal decentralization. To begin with, some services such as law enforcement or public health are in a much more centralized state of organization, and only weak forms of decentralization can be attempted. In addition, such

service differences make any attempt at district-wide coordination more difficult if not impossible. If one service cannot really decentralize authority to its district offices, for instance, then a district "cabinet" composed of the district officers of a variety of services will not be able to operate on an equal footing. In all, we regarded the service hypothesis as being so important that it led to the major lesson from our study: The possibilities for decentralization cannot be considered in the abstract, but have to be proposed in conjunction with a specific service.

A third lesson from our study of municipal decentralization covered the overall pattern of outcomes. Every case study was examined for any evidence of five types of outcomes: increases in the flow of information, changes in service officials' attitudes, changes in clients' attitudes, improved services, or increased client control. The type of evidence on these outcomes was spotty; however, the outcomes were generally positive (see Figure 1). About two-thirds of the case studies, for instance, indicated some improvement in services as a result of decentralization. Nevertheless, few included any dramatic changes in the quality of urban life that people had come to expect from serious decentralization efforts.

Thus, as I have previously written elsewhere (Yin, 1977a), the main outcome from decentralization must be considered an organizational or administrative one. Typically, decentralization produces changes in political or bureaucratic procedure, but the link to substantive effects in the urban quality of life is indirect at best. Such substantive effects are, in contrast, more readily produced by other types of governmental action than decentralization--e.g., highway programs, school desegregation laws, or even military engagements such as the Vietnam War.

These, then, were the three main lessons drawn from our work on municipal decentralization. The first was that decentralization could mean a client-oriented or territorial initiative; the second was that the specific service being decentralized was the most important factor in determining the outcomes of any decentralization initiative; and the third was that decentralization outcomes were generally of an administrative rather than service nature.



SOURCE: Yin and Yates, 1975.

Fig. 1: Frequency of Outcomes Identified by Case Studies of Urban Decentralization (n=215)

Federal Decentralization

Before discussing some of the objectives and problems of the New Federalism, it is important to distinguish among various kinds of federal programs. When dealing with domestic federal programs, the balance is different from municipal programs (see Figure 2). On the one hand, the federal government may directly operate a service. Examples of these are the postal service, the Indian reservations and other special territories, and the unemployment service. By and large, these services do not dominate the domestic federal budget and therefore are not usually the main focus of organizational reform. On the other hand, the federal government may support aid or assistance programs, in which monetary payments, grants, or loans are made to recipients who may be individuals, units of state or local government, or other nonprofit organizations. Here, federal support of any specific service is indirect, but problems can arise in the way that federal agencies are organized to distribute funds or make awards. Such aid or assistance programs constitute a large proportion of the domestic federal budget and therefore reflect the types of programs most people associate with the federal government.*

Among the aid and assistance programs, the major shift that occurred during the Nixon administration was an attempt to give increased control over federal resources to state and local units of government. Thus, in an August 1969 television address, the President gave his ideological justification--i.e., to make governmental decisionmaking more democratic by giving less discretion to federal bureaucrats or poverty area citizens and by giving more discretion to those officials "elected to serve all the people" (Nathan, 1975, p. 85). Decentralization was then tied to another administrative goal--the decategorization of grant programs (Mirengoff and Rindler, 1976). The two initiatives together served as a potent force, threatening Congressional prerogatives as well as the power bases of special target populations such as the poor.**

* The twofold distinction between direct service provision and aid programs is intended for discussion purposes only and does not attempt to describe the whole range of federal policy instruments--e.g., fiscal policy, tax policy, regulatory initiatives, and others.

** For a description of the continuing conflicts at the neighborhood level, see Yin, 1977b.

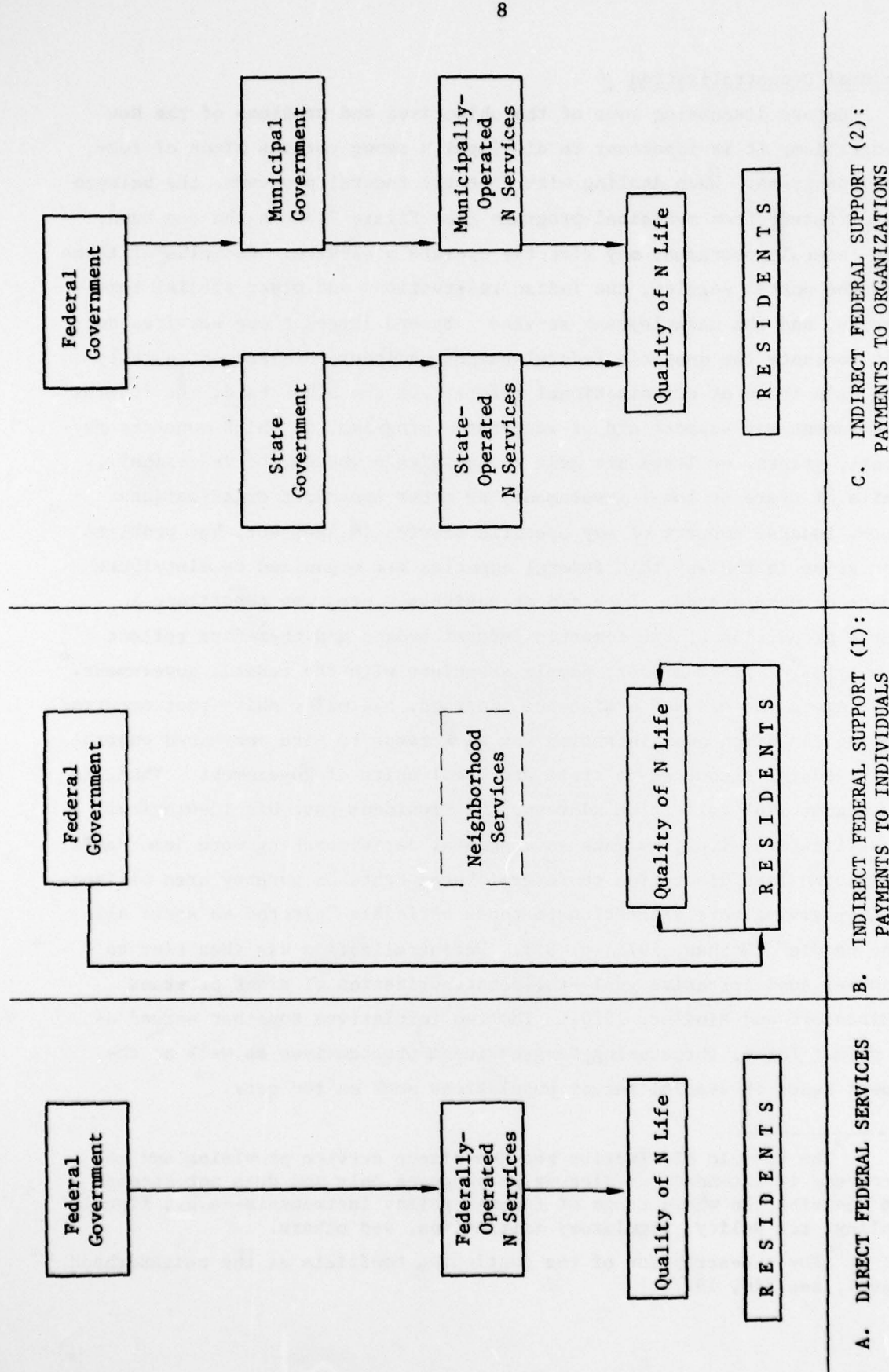


Fig. 2: Classical Systems for Implementing Federal-Neighborhood Policies

The early and political results of this shift in priorities are probably well-known (see Sneed and Waldhorn, 1975). Numerous general and special revenue-sharing bills were introduced, and several bills eventually became law, taking the form, for instance, of the revenue-sharing program administered by the Treasury Department, the comprehensive employment program of the Department of Labor, and the community development block grants of the Department of Housing and Urban Development. By the end of the Ford administration, six years after the submission of the first special revenue-sharing bills, the shift in federal priorities was still being implemented, with Ford's fiscal 1978 budget, for example, containing renewed proposals for decentralizing programs in education and health (see Office of Management and Budget, 1977).

Other decentralization initiatives occurred with less public debate and were less well-known (ACIR, 1977c). These included the establishment of common boundaries for ten regions in the country (mandated by Executive Circular A-105 in 1969), the creation of ten federal regional councils (mandated by Executive Order 11647 in 1972), and a whole host of OMB circulars on grants administration that followed the Intergovernmental Cooperation Act of 1968.*

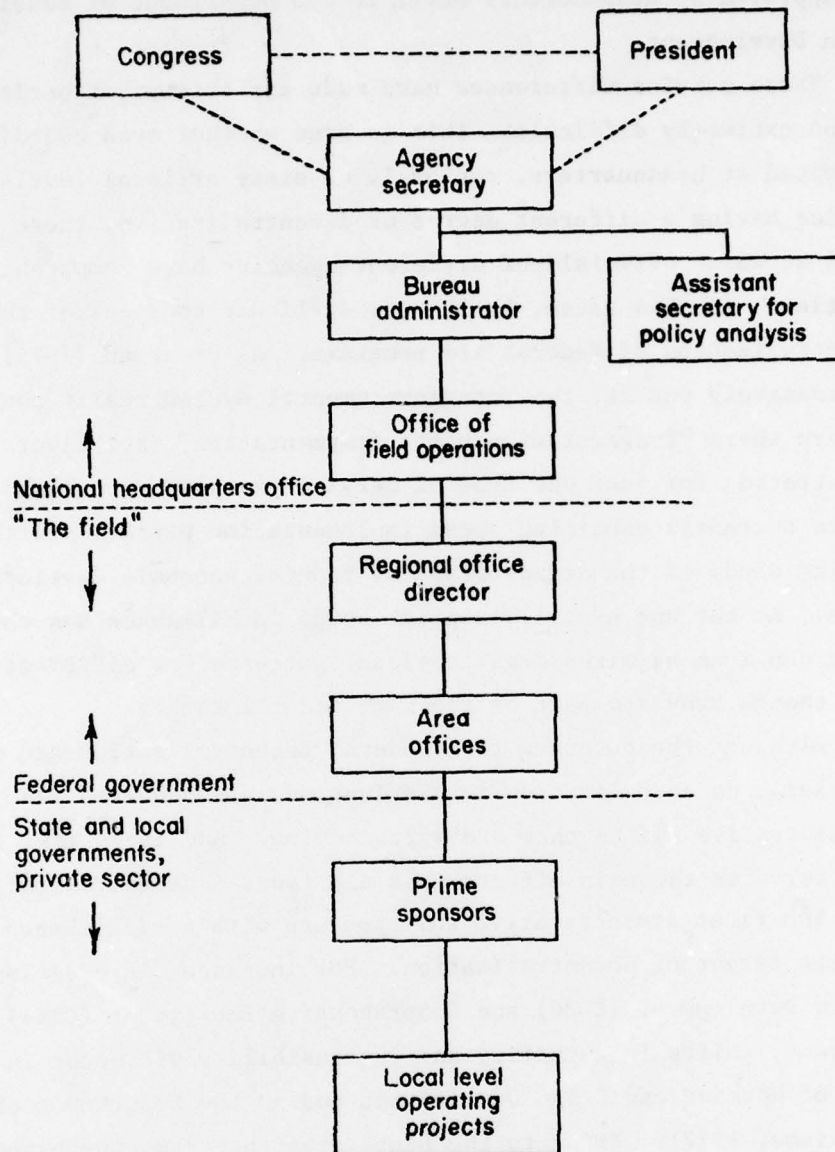
It is difficult at this time to assess the actual outcomes from the decentralization initiatives taken under the guise of the New Federalism. Preliminary studies have generally focused on redistributive effects--which appear to have occurred--but there is no evidence that services have been altered dramatically from those produced under centralized programs.** Certain comments can nevertheless be made about the decentralization process, and here the experiences appear to parallel those with municipal decentralization. First, although it is true that

*The OMB Circular A-95, establishing a project notification and review system at the local level, is but one of several examples of these circulars (see Comptroller General of the U.S., 1975).

**Examples of some early assessments include: Comptroller General of the U.S., 1974, on the federal regional councils; Nathan and Adams (1977) on the revenue sharing program; Nathan et al. (1977) on HUD's block grant program, and Mirengoff and Rindler (1976) on the CETA program. In addition, the Advisory Commission on Intergovernmental Relations has issued two reports on these programs (1977a and 1977b).

the federal initiatives were marked by political conflicts among client groups--low-income groups versus the officials of the general purpose governments--conflicts also resulted from client versus territorial concerns. For instance, national lobby groups, representing local jurisdictions and other special target populations, tended to support the continued centralization of federal programs on a territorial basis. Conversely, territorial dispersion did not necessarily mean greater control by clients. Thus, although the Department of Housing and Urban Development, the Economic Development Administration, and the Small Business Administration developed area or district offices at the local level--which have considerable discretion in allocating federal resources--little control has been passed on to state or local governments. Most local governments, in fact, still only control a minority proportion of the federal funds expended in their jurisdictions. In short, the first observation might be that client and territorial differences are just as dramatic with federal as with municipal programs, and that few initiatives accomplish both types of decentralization simultaneously.

Second, vast differences among the various services exist, providing a federal counterpart to our "service hypothesis." Figure 3 shows an illustrative prototype of the various headquarters and field units that can be involved in a federal aid program. For different federal programs, power and authority tend to rest at different levels. At the most decentralized extreme of territorial dispersion, the 100-odd district offices of the Small Business Administration perform the major function of reviewing and approving loans to local businesses; similarly, for the most extreme form of client-oriented decentralization, the Treasury Department has only a staff of about 150 persons that allocates the \$6.8 billion general revenue-sharing program, in which the clients--e.g., state and local units of government--play the dominant role in deciding how federal funds should be used. At the most centralized extreme, mass transit project application have traditionally been reviewed by headquarters staff in Washington, D.C.; similarly, in the newly mandated



SOURCE: Williams, 1976.

Fig. 3: Illustrative Policy and Operations Structure for Federal Aid Programs

Urban Development Action Grant (UDAG) program, projects will be reviewed and approved by headquarters staff in the Department of Housing and Urban Development.

These service differences have made any attempt at horizontal coordination extremely difficult. This is true whether such coordination is attempted at headquarters, regional, or state or local levels. With each service having a different degree of decentralization, there is no single level at which officials of different agencies have comparable responsibilities. In this sense, it is very difficult to speak of the overall decentralization of federal aid programs. As Pressman (1975) has so imaginatively put it, the intergovernmental system really consists of a pattern where "fragmentation meets fragmentation" (see Figure 4 for an illustration for just one type of service--manpower programs circa 1968). We are currently examining these implementation patterns further in an ongoing study of the organization of federal economic development programs. As but one example, a pilot study in Milwaukee has shown that there can even be mixed organizational patterns for different programs even though they are part of the same federal agency.

Although the outcomes from federal decentralization are difficult to assess, decentralization initiatives may nevertheless produce two administrative shifts that are worth noting. And these may, in the long run, serve as the main effects that any federal decentralization will have.

The first administrative shift occurs within single agencies that are the target of decentralization. For instance, in creating the Community Development (CDBG) and Comprehensive Employment (CETA) block grant programs, shifts in authority and responsibility did occur in the Department of Housing and Urban Development and in the Department of Labor (Williams, 1977). Prior to the block grant program, the headquarters offices of the Department of Labor had direct responsibility for over 10,000 project awards annually. This responsibility has been passed on to the DOL regional offices as well as to local "prime sponsors" who are the main recipients of the block grants. Similarly, HUD area offices now have major responsibilities with regard to CDBG projects. Decentralization, in short, served in each case as an impetus for reorganizing a

SOURCE: Stanford Research Institute, as cited in Pressman, 1975.

Fig. 4: Administration of Federal Manpower Programs
in Oakland, Circa 1968

federal agency and thereby for changing bureaucratic rules and behaviors that may have become overly rigid and unresponsive. Such an effect may be far different from the substantive outcomes (e.g., more neighborhood revitalization or decreased unemployment) that policymakers and the public may seek, but *decentralization may nevertheless serve as one important way of shuffling bureaucratic organizations and thereby keeping them responsive to their overhead agencies.*

The second shift has been in the new opportunities for control and power in the intergovernmental system. Various decentralization initiatives, even if made in isolation from each other, will produce new political alliances and balances of power. Although it is difficult to say which groups have benefited most--i.e., whether mayors or county executives are now more powerful than in the past vis-à-vis either federal or resident organizations--*decentralization initiatives can provide new opportunities for elected officials to assert themselves in a manner different from their predecessors.* This means that newly elected officials, for instance, can at least stylistically create a unique trademark and can appear to be trying new and different approaches to serve their constituents. This is as true at the federal level, where the Nixon administration will historically be remembered in part for its New Federalism, as well as at state and local levels.

In summary, both federal and municipal decentralizations appear primarily to produce administrative achievements. These include reorganizing specific agency bureaucracies as well as opportunities for new relationships among different levels of governments. Both of these effects are eminently justifiable according to any theory of bureaucratic organization or political science (e.g., see Downs, 1967). However, the larger question still remains. Are services better or are citizens' lives improved in any substantial manner? The answer is probably not. The intergovernmental system has become so complex, and the role of government in individual lives is now so pervasive, that initiatives such as decentralization (or centralization) will only be unevenly implemented at best and hence have *marginal effects* on service delivery or the equitable distribution of services.

REFERENCES

- Advisory Commission on Intergovernmental Relations, *Community Development: The Workings of a Federal-Local Block Grant*, A-57, Washington, D.C., March 1977a.
- , *The Comprehensive Employment and Training Act*, A-58, Washington, D.C., June 1977b.
- , *Improving Federal Grants Management*, A-53, Washington, D.C., February 1977c.
- Comptroller General of the United States, *Assessment of Federal Regional Councils*, Washington, D.C., January 1974.
- , *Improved Cooperation and Coordination Needed Among All Levels of Government--OMB Circular A-95*, Washington, D.C., February 1975.
- Downs, Anthony, *Inside Bureaucracy*, Little, Brown and Company, Boston, Mass., 1967.
- Haider, Donald H., *When Governments Come to Washington*, The Free Press, New York, N.Y., 1974.
- Kaufman, Herbert, "Administrative Decentralization and Political Power," *Public Administration Review*, Vol. 29, January-February 1969, pp. 3-15.
- Mirengoff, William, and Lester Rindler, *The Comprehensive Employment and Training Act*, National Academy of Sciences, Washington, D.C., 1976.
- Nathan, Richard P., *The Plot that Failed*, Wiley & Sons, New York, N.Y., 1975.
- , and Charles F. Adams, Jr., *Revenue Sharing: The Second Round*, Brookings Institution, Washington, D.C., 1977.
- , et al., *Block Grants for Community Development*, The Brookings Institution, Washington, D.C., January 1977.
- Office of Management and Budget, *Issues '78*, Washington, D.C., January 1977.
- Pressman, Jeffrey L., *Federal Programs and City Politics*, University of California Press, Berkeley, 1975.
- Richardson, Elliot, *The Creative Balance*, Holt, Rinehart and Winston, New York, N.Y., 1976.

Sneed, Joseph D., and Steven A. Waldhorn (eds.), *Restructuring the Federal System: Approaches to Accountability in Postcategorical Programs*, Crane, Russak, New York, N.Y., 1975.

Williams, Walter, "Implementation Problems in Federally Funded Programs," in Walter Williams and Richard Elmore (eds.), *Social Program Implementation*, Academic Press, New York, N.Y., 1976, pp. 15-40.

-----, draft manuscript on CDBG and CETA programs, 1977.

Yin, Robert K., "Goals for Citizen Involvement," in Patricia Marshall (ed.), *Citizen Participation Certification for Community Development*, National Association of Housing and Redevelopment Officials, Washington, D.C., 1977a, pp. 50-52. Also presented at the 141st Annual Meeting of the AAAS, New York City, January 1975.

-----, "What a National Commission on Neighborhoods Could Do," *Journal of the American Real Estate and Urban Economics Association*, Vol. 5, Fall 1977b, pp. 255-278.

-----, and Douglas Yates, *Street-Level Governments: Assessing Decentralization and Urban Services*, Lexington Books, Lexington, Mass., 1975.